

Rev-A-News

Our DOR is always open to you.

Compliance and Collection

Department of Revenue Offers Online Business Tax Payments

Montana businesses now have a new option to pay their state withholding tax online.

The new service, called Business Tax Express, allows businesses to establish an account and password. Once an account is established, the business simply logs in each time they wish to make a payment or file a tax return, enters the necessary data and prints a receipt. The payment will automatically be withdrawn from the business' bank account.

The online service also allows a company to transmit payments and filings on behalf of multiple businesses, and allows 'warehousing' of the payment for a later date. This service will make it easier, faster and more convenient for our customers. Demonstrations are available by clicking on *TRY THE DEMO!* in the right bottom corner of the Business Tax Express website located at <https://app.discoveringmontana.com/bustax/>.

In 2004, the Department of Revenue will add additional tax types to be filed and paid as part of Business Tax Express; rental vehicle taxes will be added in March and in April customers will be able to pay lodging and accommodations taxes online.

A significant number of Montana businesses will be served by the new online filing capabilities of Business Tax Express. It is estimated that more than 38,000 Montana businesses will be able to take advantage of the new service. Since the program went live on January 1, 2004, the department has approved more than 100 new customers who were not previously registered to make payments on Warp on the Web (WOW).

Business Tax Express is the result of an alliance between state government and the private sector. The system was cooperatively developed and is supported by the Montana Department of Revenue, the Montana Department of Administration's Information Technology Services Division and Montana Interactive, Inc., a wholly owned subsidiary of eGovernment provider NIC (Nasdaq: EGOV).

For more information on Business Tax Express, visit the website linked above or call the Department of Revenue's Customer Service Center at (406) 444-6900.

To employers registering or accessing Business Tax Express:

1. The FEIN should not have hyphens or spaces.
2. Passwords should be at least five characters and consist of letters and numbers. Passwords should be entered in all caps if employers were previous WOW customers.
3. The Employer Name should not contain punctuation.

E-Filing Offers Convenience, Peace of Mind

There's no doubt about it. "Tax time" can be a trying time: finding the right forms, making sure they're filled out correctly and meeting the filing deadline.

That's why more and more tax preparers and taxpayers are turning to electronic filing. Electronic filing is convenient, and it provides greater accuracy and speedier refunds.

Basically, there are three types of electronically filed returns: E-File, Online and Telefile.

E-File. Approximately 150,000 tax preparers nationwide are authorized to e-file federal and state taxes for their clients. Visit <http://www.irs.gov/efile/article/0,,id=118449,00.html> to view a list of Montana tax preparers who can perform this service.

Online. Taxpayers can opt to electronically file their own taxes. There are three options to complete the process: purchase tax preparation software at a discount or electronics store; download IRS-authorized software from the Internet; or participate in Free File, a program which allows taxpayers who meet certain criteria to e-file their taxes for free. Visit <http://www.discoveringmontana.com/revenue/css/2forindividuals/02efile/onlinefiling.asp> to learn more about these options.

Telefile. Taxpayers who meet specific income and filing requirements may qualify to file by telephone. The taxpayer must have received a Montana Telefile booklet, with a personalized address label and personal identification number (PIN), in the mail.

With any of these types of electronic filing, the tax return is automatically checked for accuracy. If errors are detected, the taxpayer or tax preparer will receive an electronic message indicating the error and will allow the sender to correct the mistake and resubmit without penalties.

Montana E-File is a Success

The Montana E-file season for individual income tax started a week later than normal this year, yet the number of electronically filed returns received by the Department of Revenue has already exceeded the number for the same period

last year. In the first full week of the E-File season, the department processed almost 8,900 returns (E-File = 5,066, Online = 1,036 and Telefile = 2,792).

Montana taxpayers who use E-file can receive their refunds in half the time as paper filers, and in as few as 3 days if they use Direct Deposit.

New to Montana E-Filing this year is Direct Debit. This option allows taxpayers to file now and pay later. Any future date -- up to and including the tax due deadline -- can be selected to have the payment debited from either a checking or savings account.

Property Assessment Confidentiality Issues

Every year in late spring, the Property Assessment Division mails assessment notices to those taxpayers that had a valuation or ownership change on their property. The assessment notice displays the assessed value of their real and personal property. That valuation is an important part in the calculation of the tax bill they receive in late fall.

Taxpayers are afforded due process to contest the values the Property Assessment Division staff has placed on their property through the AB-26 (informal review) process, county tax appeal boards, the State Tax Appeal Board and finally district court. The tax appeal season typically runs from June through September of each year. However, since 2003 was a cyclical reappraisal year in which all property statewide received a new valuation, some county tax appeal boards have requested an extension of those deadlines to conclude their hearings.

A major aspect of the valuation review and appeal process concerns taxpayer access to confidential information contained on the Realty Transfer Certificate. This document is required by law to be filed at the Clerk and Recorder's office for every real property transfer. Part of the information required is the sales price of the property, or the reason for exemption from reporting the sales price such as, transfer is pursuant to a court decree, sheriff sales etc. By law the information is to be held confidential. The information is needed by the Property Assessment Division staff to help determine land and improvement values for property tax purposes.

A major issue emerged recently regarding where in the process a taxpayer should have the right to review the sale prices of comparable properties used in the valuation of their property. Two supreme court decisions were used as the basis for development of the initial procedure on confidentiality. Essentially the procedure said department staff could only provide unredacted (not blacked out) comparable sale information at the county tax appeal board hearing. Taxpayers argued that they should be able to review the information prior to the appeal

hearing so they could better prepare their case. The department was asked to review the procedure. After further review of the supreme court cases, the department determined that the information could be provided when there was a contested hearing. Since a county tax appeal board is deemed to be a contested hearing, it has been determined that taxpayers may receive access to the confidential comparable sales information used in the valuation of their property after they file an appeal with the county tax appeal board. The taxpayer must still sign a confidentiality affidavit before being provided that access. As county and state tax appeal boards are currently in session, the department is communicating as quickly as possible these procedural changes to field staff, the public and the tax appeal boards.

Contract with Third-Party Collection Service is Paying Off

The department's partnership with GC Services continues to be a benefit to the State of Montana. It has been more than eight weeks since GC Service's collection activity began, and as of January 30, GC Services has collected almost \$700,000 in outstanding individual income tax debt for the State of Montana.

Customer Service

Personal Property Reporting in Montana

Each year, the Department of Revenue prepares and mails approximately 80,000 personal property reporting forms. These forms are sent to business owners and agricultural operators across the state to report their taxable personal property as of January 1. Although personal property has always been taxable in Montana, there have been many changes over the years due to legislative action.

The most significant change in recent years was the passage of Senate Bill 200 in 1999. This law provided an exemption for all businesses whose personal property had a market value of less than \$5,001; reduced the tax rate on Class 8 personal property from 6% to 3%; and phased out the taxation of Class 6 personal property by tax year 2003.

Class 8 property includes agricultural implements and equipment; mining and manufacturing machinery; furniture and fixtures; and all other business equipment.

Class 6 property includes all types of livestock and certain rental property. (Class 6 rental property is defined as property owned by a commercial establishment whose primary business is leasing and renting property on a hourly, daily, or weekly basis; in which no one customer can account for

more than 10% of the total rental during a calendar year; and the acquired cost of each rental item is less than \$15,000.)

Although livestock are now exempt from property tax, the livestock per capita fees remain. Owners are still required to report the livestock they own as of February 1st each year on the personal property reporting form. The department maintains personal property information on a statewide database called BEVS (Business Equipment Valuation System). This enables the department to pre-populate each reporting form with an itemized list of previously reported personal property for each business owner.

Reporting forms must be returned to the local Department of Revenue office in each county seat within 30 days of receipt of the form; or by February 10, if reporting livestock. An extension for reporting may be granted if the business owner requests the extension within the 30-day timeframe, but no extension will be granted past March 15.

Tax Forms Mailed to Customers

The department's mailroom is busy mailing out tax forms to Montana taxpayers. On January 7, individual income tax booklets were mailed, including Telefile, S-Corporation, Partnerships and Corporation License Tax booklets. Note: Customers who filed for an Elderly Homeowner/Renter credit last year received income tax booklets directly from the printing vendor this year.

Other January mailings include:

January 7 Withholding (includes P-6, P-15 and P-26)
January 9 Estimated Corporation License Tax
January 13 Lodging Facility Use Tax
January 14 Individual Pre-populated Estimated Tax
January 16 Form 1099

If you have questions about any of the above forms or other forms, please visit our website at www.discoveringmontana.com/revenue, call the Customer Service Center at (406) 444-6900, or come to the Sam W. Mitchell Building, 3rd floor reception area at 125 N. Roberts in Helena.

About the Agency

Department of Revenue on the Internet

Business tax specialists have been working hard to prepare our website for the high volume of visitors we receive during the individual income tax filing season. We have updated our website with 2003 tax tables and forms, including

electronic filing options and guidelines. To date, more than 200 of our Montana tax, business, unemployment insurance and miscellaneous forms have been made electronically accessible for download. These forms go as far back as 1993.

If you or a customer spots a correction, please e-mail us by going to About the Agency/Contact Us on our website. It is always our goal to provide quality customer service, and we want our website to be as clean and up-to-date as possible.

The website address is www.discoveringmontana.com/revenue.

Calendar of Events

Committee Meetings

For committee membership, agendas, minutes and reports, visit our website at www.discoveringmontana.com/revenue.

Tax Reform Legislative Interim Committee, State Capitol, Room 317, 1 to 5 p.m. February 19 and 8:30 a.m. to 5 p.m. on February 20

Tax Reform Legislative Interim Committee, State Capitol, Room 317, 1 to 5 p.m. March 9 and 8:30 a.m. to 5 p.m. on March 10

Property Tax Exemption Legislative Interim Committee, MACo Conference Room, 2715 Skyway Drive, Helena, Montana, 8:30 a.m. to 5 p.m. on February 18, 2004

Property Tax Reappraisal Legislative Interim Committee, MACo Conference Room, 2715 Skyway Drive, Helena, Montana, 8:30 a.m. to 5 p.m. on March 4, 2004

Holiday Closures (state holidays)

Presidents' Day, Monday, February 16, 2004

About the Agency

Meet Our Leadership

Dolores Cooney, Property Assessment Division Administrator

If you want to know more about Montana's property tax system, just ask Dolores Cooney. Dolores has been with the Department of Revenue for 28 years and her entire tenure has been within the Property Assessment Division.

Dolores is one of two administrators in the Property Assessment Division. She is responsible for District 2, including counties: Mineral, Missoula, Ravalli, Granite, Powell, Lewis and Clark, Big Horn, Carbon, Carter, Custer, Fallon, Golden Valley, Musselshell, Powder River, Rosebud, Stillwater, Sweet Grass, Treasure, Wheatland, and Yellowstone, Cascade, Fergus, Hill, Chouteau, Toole, Blaine, Pondera, Teton, Judith Basin, Glacier and Liberty.

Dolores holds a professional designation of Certified Assessment Evaluator (CAE), with the International Association of Assessing Officers (IAAO) and is a current member of the IAAO Executive Board.

Dolores maintains an office in Helena, and her and her husband reside in Butte.

Career Opportunities

The Department of Revenue posts new job opportunities on Wednesday and Friday each week. Visit our website www.discoveringmontana.com/revenue and go to About the Agency for current job opportunities.

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